

AMENDED IN SENATE JULY 2, 2004
AMENDED IN SENATE JUNE 16, 2004
AMENDED IN SENATE JUNE 14, 2004
AMENDED IN ASSEMBLY MAY 20, 2004
AMENDED IN ASSEMBLY APRIL 12, 2004
AMENDED IN ASSEMBLY MARCH 26, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2499

Introduced by Assembly Member Jerome Horton

February 19, 2004

An act to add Sections 25142, 25308, 25309, and 25310 to the Public Resources Code, relating to energy resources; a chapter heading to, and to add Chapter 2 (commencing with Section 9505) to, Division 4.8 of the Public Utilities Code, relating to new locally owned public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2499, as amended, Jerome Horton. ~~Energy Commission: new~~
New publicly owned electric utilities: resource plans.

(1) ~~The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission and requires it to certify sufficient sites and related facilities that are required to provide a supply of electricity sufficient to accommodate projected demand for power statewide. The act also requires the commission to undertake a continuing assessment of trends in the consumption of electricity and other forms of energy and~~

~~to analyze the social, economic, and environmental consequences of those trends and to collect from electric utilities, gas utilities, and fuel producers and wholesalers and other sources, forecasts of future supplies and consumption of all forms of energy. The Public Utilities Act imposes various duties and responsibilities on the Public Utilities Commission with respect to the purchase of electricity and requires the commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. Under existing law, the governing board of a local publicly owned electric utility is responsible for implementing and enforcing a renewables portfolio standard that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, and financial resources and the goal of environmental improvement.~~

~~This bill would require new publicly owned electric utilities, as defined, to meet certain resource adequacy requirements. The bill would require a new publicly owned electric utility, before commencing operation or providing electricity to any new or additional electrical service area on or after January 1, 2006, to submit its resources plan to the commission and would require the commission to determine if the plan meets the requirements for resource adequacy. The bill would require a new publicly owned electric utility to update the plan in conformance with regulations adopted by the commission equivalent requirements for resource adequacy as those requirements that are applicable to an electrical corporation, including reserve requirements. The bill would require a new publicly owned electric utility to adopt findings, as specified a specified finding regarding resource adequacy, before commencing operation or providing electricity to any new or additional electrical service area, on or after January 1, 2006. By imposing new requirements on new local publicly owned electrical utilities, this bill would impose a state-mandated local program.~~

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.



This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. The Legislature finds and declares all of the~~
2 ~~following:~~
3 ~~(a) The reliable supply of electricity is essential to the health,~~
4 ~~safety, and economic well-being of all state consumers.~~
5 ~~(b) Due to the interconnected nature of the electric~~
6 ~~transmission and distribution systems, all California customers~~
7 ~~have vested interest in ensuring that all state utilities provide~~
8 ~~reliable electric service.~~
9 ~~(c) Since the California electricity crisis, there has been a~~
10 ~~renewed interest in creating publicly owned utilities. Before the~~
11 ~~crisis, almost all of the publicly owned utilities were established~~
12 ~~before 1990, the preponderance of them being established before~~
13 ~~1950.~~
14 ~~(d) It is in the interest of all state consumers to ensure that newly~~
15 ~~formed publicly owned utilities provide reliable service.~~
16 ~~(e) To ensure that customers of newly formed publicly owned~~
17 ~~electric utilities receive reliable service, each new entity should~~
18 ~~adopt a resource plan to ensure reliable service for their customers.~~
19 ~~(f) The State Energy Resources Conservation and~~
20 ~~Development Commission should use its technical expertise to~~
21 ~~evaluate the resource plans, provide assistance in the preparation~~
22 ~~of these plans, and review the plans to determine if they conform~~
23 ~~to resource adequacy requirements. Customers of a newly formed~~
24 ~~publicly owned electric utility should be allowed to review and~~
25 ~~comment on the resource plan.~~
26 ~~(g) The Public Utilities Commission should establish rules to~~
27 ~~ensure that there is no cost-shifting between customers that remain~~
28 ~~with their existing utility and customers that receive service from~~
29 ~~newly created publicly owned electric utilities.~~
30 ~~SEC. 2. Section 25142 is added to the Public Resources Code,~~
31 ~~to read:~~

~~25142.—~~

SECTION 1. A chapter heading is added to Division 4.8 (commencing with Section 9500) of the Public Utilities Code, immediately preceding Section 9500, to read:

CHAPTER 1. WEATHERIZATION PROGRAMS

SEC. 2. Chapter 2 (commencing with Section 9505) is added to Division 4.8 of the Public Utilities Code, to read:

CHAPTER 2. NEW PUBLICLY OWNED ELECTRIC UTILITY RESOURCE PLANNING

9505. “New publicly owned electric utility” means a local publicly owned electric utility, as defined in subdivision (d) of Section 9604 of the Public Utilities Code, that commenced operations and provided electricity and distribution service to retail customers within its jurisdiction as an operating publicly owned electric utility on or after January 1, 2001.

~~SEC. 3.—Section 25308 is added to the Public Resources Code, to read:~~

~~25308. (a)~~

9506. In order to provide reliable and sustainable electricity to retail end-use customers of new publicly owned electric utilities, new publicly owned electric utilities shall meet equivalent requirements for resource adequacy as those requirements that are applicable to an electrical corporation, including reserve requirements.

~~(b) Before commencing operation or providing electricity to any new or additional electrical service area on or after January 1, 2006, a new publicly owned electric utility shall submit its resource plan to the commission and the commission shall determine if the plan meets the requirements for resource adequacy pursuant to subdivision (a).~~

~~(c) The resource plan of a new publicly owned electric utility shall conform to any information submission or filing requirements specified by the commission pursuant to Section 25301.~~

1 ~~(d) A new publicly owned electric utility shall submit updates~~
2 ~~to its resource plan to the commission, in conformance with~~
3 ~~regulations adopted by the commission.~~

4 ~~SEC. 4. Section 25309 is added to the Public Resources Code,~~
5 ~~to read:~~

6 ~~25309.~~

7 ~~9507. Before commencing operation or providing electricity~~
8 ~~to any new or additional electrical service area on or after January~~
9 ~~1, 2006, a new publicly owned electric utility shall adopt, in a~~
10 ~~public hearing that allows for public participation, both of the~~
11 ~~following adopt findings, supported by a written record:~~

12 ~~(a) That, that the resource plan of the new publicly owned~~
13 ~~electric utility meets the adequacy requirements of subdivision (a)~~
14 ~~of Section 25308. In adopting this finding, a new publicly owned~~
15 ~~electric utility shall include a discussion of the determination made~~
16 ~~by the commission pursuant to subdivision (b) of Section 25308,~~
17 ~~whether the plan meets the requirements for resource adequacy.~~

18 ~~(b) The public interest and necessity require that the new~~
19 ~~publicly owned electric utility provide retail electricity and the~~
20 ~~anticipated public good outweighs the reasonably identified risks.~~

21 ~~SEC. 5. Section 25310 is added to the Public Resources Code,~~
22 ~~to read:~~

23 ~~25310. Nothing in this chapter limits any obligation of a local~~
24 ~~publicly owned electric utility, as defined in subdivision (d) of~~
25 ~~Section 9604 of the Public Utilities Code, and not subject to this~~
26 ~~chapter, to satisfy the resource adequacy requirements of their~~
27 ~~electric load. Section 9506.~~

28 ~~SEC. 6.~~

29 ~~SEC. 3. Notwithstanding Section 17610 of the Government~~
30 ~~Code, if the Commission on State Mandates determines that this~~
31 ~~act contains costs mandated by the state, reimbursement to local~~
32 ~~agencies and school districts for those costs shall be made pursuant~~
33 ~~to Part 7 (commencing with Section 17500) of Division 4 of Title~~
34 ~~2 of the Government Code. If the statewide cost of the claim for~~
35 ~~reimbursement does not exceed one million dollars (\$1,000,000),~~
36 ~~reimbursement shall be made from the State Mandates Claims~~
37 ~~Fund.~~